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C O N F I D E N T I A L LJUBLJANA 000168

SIPDIS

EB/OIA FOR HEATHER GOETHERT AND KIMBERLY BUTLER  
L/CID FOR PATRICK PEARSALL

E.O. 12958: DECL: 06/15/2019  
TAGS: [EINV](#) [CASC](#) [OPIC](#) [KIDE](#) [SI](#)  
SUBJECT: 2009 SLOVENIA INVESTMENT DISPUTE AND EXPROPRIATION  
CLAIMS REPORT

REF: STATE 49477

Classified By: CDA BFreden, reason 1.4(b,d)

#### Summary

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¶1. (U) Post is unaware of any relevant investment disputes or additional expropriation claims against the Government of Slovenia. Post is aware of one claim of a United States citizen against the Ljubljana Tax Office (a municipal-level office). Post has only heard Claimant A's side of the seemingly complex and convoluted case. Claimant A claims that the Ljubljana Tax Office must return the Value Added Tax (VAT) of 729,393 Euros that he paid for the intermediary purchase of land on which he intends to develop a ski resort.  
End summary.

¶2. (C) Below is the format reflecting requirements of Section 527 of the Foreign Relations Authorization Act:

¶A. Claimant designation: Claimant A

¶B. Year dispute arose: 2008

¶C. Case History: Claimant A purchased land and paid VAT to the Ljubljana Tax Office intending to construct a ski resort. According to Claimant A, he represents a "development company that opened a Limited Liability Special Purpose Vehicle for the purpose of buying a large plot of land properly zoned for their plans" (to build a ski resort). Claimant A agreed with two companies that if the two companies delivered all the land consolidated, properly subdivided and zoned for construction, Claimant A would pay these two companies 125 Euros per square meter. The companies from whom Claimant A purchased the land, negotiated individually with farmers and paid the farmers each 40 Euros per square meter, and succeeded in parceling and rezoning the land.

-- Claimant A has hired an attorney and has started to pursue local remedies by filing a complaint with the Ljubljana Tax Office in an effort to receive a refund of the VAT. The Tax Office refused to refund the VAT, alleging that Claimant A is not a real business because "they do not have employees or revenues". The Tax Office also states Claimant A should have paid 40 Euros per square meter directly to the farmers. Claimant A states that his company is not a land developer, and was obliged to purchase from a local company, more capable of the initial negotiations with the farmers and able to get the land rezoned.

-- Location of property: Jezerca-Krvavec, North of Ljubljana, Slovenia

-- Estimated Value in US dollars: \$1,012,252 VAT tax being

withheld. Equal to 20% of total value of land purchased prior to development.

-- Approximate date when information was last received on the claim: Claimant A last approached Post in June 2009.

¶3. (U) Claimant A: Greg Tobias, managing partner of Center Jezerca d.o.o. Tobias is an American Citizen - no Privacy Act Waiver signed. Center Jezerca is a "Limited Liability Special Purpose Vehicle."

¶4. (U) Additional information: Claimant A states that because the VAT was not returned, he was unable to pay a rotating loan for the land, and is now in jeopardy of losing the entire land, worth more than 5M USD.

¶5. (C) The Government of Slovenia has recently started cracking down on "shadow companies" (i.e. companies that "do not have employees or revenues") through which money is funneled, leaving the government no way to collect VAT. Post has received information that Claimant A may have been targeted due to his alleged association with individuals who are currently under investigation for tax evasion in similar cases. Specifically, one of the local land developers from whom Claimant A made the purchase, has been indicted for tax evasion in a case involving a "shadow company".  
FREDEN